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CONDITION OF RETAIL TRADE IN FEDERAL RESERVE DISTRICTS—Continued

District and City	Percentage of Average Stocks at End of Each Month to Average Monthly Sales for Same Period				Percentage of Outstanding Orders at End of Month to Total Purchases During Previous Calendar Year			
	Jan. 1, 1920, to End of—				March, 1920	April, 1920	May, 1920	June, 1920
	March, 1920	April, 1920	May, 1920	June, 1920				
District No. 1:								
Boston.....	509.5	389.8	348.4	339.2	18.8	15.8	15.4	15.4
Outside.....	320.5	464.7	442.5	431.7	18.6	15.5	7.5	10.0
District.....	389.9	405.2	366.5	358.0	18.7	15.7	12.7	12.3
District No. 2:								
New York City and Brooklyn.....	384.7	403.1	392.4	379.9	18.8	17.6	15.5	16.8
Outside.....	372.3	392.8	415.7	349.5	20.3	21.8	13.9	17.7
District.....	383.4	402.0	399.4	369.9	19.0	18.2	14.8	17.2
District No. 3:								
380.0	347.0	382.6	357.5	24.8	23.5	17.6	19.3	
District No. 4.....	369.1	439.0	362.8	352.3	19.4	34.8	13.2	16.2
District No. 5.....	423.8	422.2	421.5	407.8	16.9	12.1	9.9	9.7
District No. 6.....	305.8	.....	.....	20.9	20.1	20.6	17.0	
District No. 7.....	298.6	332.5	.....	328.3	31.4	31.2	31.9	19.5
District No. 10.....	337.6	272.1	285.4	353.7	14.6	18.0	5.4	25.3
District No. 12:								
Los Angeles.....	468.3	390.7	480.4	481.3	33.9	39.0	29.7	26.2
San Francisco.....	494.9	492.3	469.8	508.8	31.0	27.7	23.9	26.0
Oakland.....	610.7	585.2	589.5	573.8	.....	.....	.....	.....
Sacramento.....	.....	.....	533.4	531.3	.....	.....	.....	.....
Seattle.....	542.6	527.9	539.7	524.6	17.6	17.2	14.2	16.3
Spokane.....	605.8	528.8	605.4	579.4	34.7	.....	31.1	25.1
Salt Lake City.....	.....	.....	.....	.....	.....	.....	.....	.....
District.....	515.3	456.0	508.0	516.0	27.2	21.6	23.2	23.1

¹ Decrease.

*The Federal Reserve Districts listed above are numbered as follows: District No. 1, Boston; No. 2, New York; No. 3, Philadelphia; No. 4, Cleveland; No. 5, Richmond; No. 6, Atlanta; No. 7, Chicago; No. 10, Kansas City; and No. 12, San Francisco.

physical quantities has been devised. No attempt has been made to combine figures of the various sections of the country into one set of indexes reflecting the condition of retail trade throughout the country. It is felt that such a figure would be of doubtful value, inasmuch as the condition of retail trade in the large centers may be quite different from that in the smaller cities and rural districts. It is the purpose of the Federal Reserve Board to make every effort to build up this reporting service until it includes a representative number of retail stores throughout the country.

F. W. JONES.

DEVELOPMENTS IN THE BANKING FIELD WITH SPECIAL REFERENCE TO FEDERAL RESERVE MATTERS

In accordance with the plan adopted last year of publishing a mid-summer statistical review supplementary to the more elaborate presentation in the annual report, the July number of the *Federal Reserve Bulletin* contains a series of tables showing developments in the banking situation during the past year.

The following table shows the condition of all the banks belonging to the

Federal Reserve System on June 30, November 17, and December 31, 1919, and on May 4 and June 30, 1920, these being the dates for which reports were required from all member banks during the past year:

ABSTRACT OF REPORTS OF CONDITION OF ALL MEMBER BANKS OF THE FEDERAL RESERVE SYSTEM
 [In Thousands of Dollars]

	June 30, 1919 (8,822 Banks)	Nov. 17, 1919 (8,995 Banks)	Dec. 31, 1919 (9,066 Banks)	May 4, 1920 (9,291 Banks)	June 30, 1920 (9,399 Banks)
RESOURCES					
Loans and discounts	14,890,471	16,603,963	17,032,747	17,794,164	18,076,111
Overdrafts	17,993	28,939	22,403	22,080	22,587
Customers' liability on account of letters of credit	14,789	6,116	8,706	7,482	11,015
Customers' liability on account of acceptances	440,411	539,097	624,571	655,405	652,001
United States Government securities owned ¹	4,036,899	3,660,943	3,506,426	3,081,156	2,941,655
Stock of Federal Reserve Bank	82,729	86,810	87,434	92,435	94,485
Other bonds, stocks, and securities ²	2,947,967	3,190,272	3,224,007	3,175,051	3,124,897
Banking house	402,726	424,995	432,780	453,922	464,634
Furniture and fixtures	45,402	49,600	50,405	55,808	57,763
Other real estate owned	68,775	71,459	69,177	70,819	69,066
Lawful reserve with Federal Reserve Bank	1,723,774	1,825,152	1,903,814	1,865,638	1,838,648
Items with Federal Reserve Bank in process of collection	369,612	597,385	579,235	580,063	615,116
Due from banks, bankers, and trust companies	2,125,074	2,575,356	2,518,709	1,874,173	1,824,041
Cash in vault	559,433	602,992	691,173	620,897	621,817
Exchanges for clearing house, also checks on banks in same place	1,188,101	1,294,043	1,509,006	867,427	1,228,799
Outside checks and other cash items	109,046	134,279	147,276	102,996	126,269
Redemption fund and due from United States Treasurer	38,484	38,689	41,489	37,187	38,505
Approximate interest earned but not collected	67,362	67,530	69,354	66,070	73,728
Other assets	114,681	62,788	97,544	323,899	313,164
Total	29,243,729	31,860,508	32,616,256	31,748,572	32,194,301
LIABILITIES					
Capital stock paid in	1,489,792	1,565,871	1,593,753	1,695,555	1,717,014
Surplus fund	1,292,716	1,343,684	1,375,780	1,446,915	1,480,456
Undivided profits, less expenses and taxes paid	482,889	572,682	491,893	588,697	561,427
Approximate interest and discount collected but not earned	66,306	74,482	76,582	88,786	93,174
Amount reserved for taxes accrued	60,227	64,681	55,808	62,560	67,689
Amount reserved for interest accrued	24,302	40,410	24,843	39,404	26,474
Due to Federal Reserve Banks	11,876	16,435	14,189	21,547	24,682
Due to banks, bankers, and trust companies	3,650,502	4,078,615	4,091,400	3,524,359	3,461,016
Certified and cashiers' or treasurers' checks outstanding	704,349	789,035	906,515	518,517	648,361
Demand deposits	13,195,072	14,849,003	15,156,169	14,833,215	15,067,172
Time deposits	4,343,382	5,049,493	5,304,793	5,747,532	5,910,926
United States deposits	902,339	836,309	648,555	190,168	260,179
Bills payable with Federal Reserve Bank	1,368,112	1,401,373	1,190,331	1,246,721	1,122,067
Bills payable other than with Federal Reserve Bank	68,136	71,703	71,488	133,497	155,443
Cash letters of credit and travelers' checks outstanding	24,875	13,763	17,173	36,109	28,896
Acceptances	466,586	565,676	641,018	673,852	673,565
National bank notes outstanding	676,657	680,344	685,237	687,931	687,653
United States Government securities borrowed	233,638	167,228	182,665	123,143	130,860
Other bonds and securities borrowed	6,697	6,429	5,578	6,119	4,582
Other liabilities	175,276	123,292	82,486	83,945	72,665
Total	29,243,729	31,860,508	32,616,256	31,748,572	32,194,301

¹ Includes U. S. Government securities borrowed by national banks.

² Includes other bonds and securities borrowed by national banks.

A steady growth of loans and discounts from 14,890 millions on June 30, 1919, to 18,076 millions on June 30, 1920, is indicated, notwithstanding the fact that loans secured by government war obligations, *i. e.*, by Liberty bonds, Victory notes, and Treasury certificates, were liquidated in considerable volume during the year. Figures showing the holdings of such loans are not available for all member banks, but only for those member banks in leading cities which report weekly to the Federal Reserve Board and whose loans constitute about 80 per cent of all loans of member banks. A decrease in loans secured by government war obligations (exclusive of amounts rediscounted with Federal Reserve banks) from 1,381 millions on June 27, 1919, to 773 millions on April 30, 1920, is shown. Since then a further reduction in these holdings has taken place, the July 16 total being about 736 millions. Loans secured by stocks and bonds, and representing to a large extent loans for speculative purposes including stock exchange loans, show no material change from the high level of the summer of 1919. On August 29, 1919, the earliest available date, such loans amounted for the reporting member banks to 2,915 millions, whereas on April 30, 1920, they aggregated 3,170 millions, and on July 16, 3,046 millions. The larger part of the growth of the loan burden of the banks in the Federal Reserve System is thus attributable to the increase in ordinary commercial loans, which is due in large measure to the general spread after the war of speculation in securities, land, and commodities, and, during the more recent period, also to the increase in "frozen" credits due to difficulties and delays in transportation.

In harmony with this increase in loans and discounts, individual demand deposits of the member banks show an increase from 13,195 to 14,833 millions for the period covered by the table, and time deposits an increase from 4,343 to 5,748 millions. Government deposits, on the other hand, declined from 902 millions to 190 millions, and bank deposits ("due to banks, bankers, and trust companies") from 3,650 to 3,524 millions.

In connection with the just noted decrease in the amount of paper based on government loans, it is of interest to compare the amount of funds of all the banks in the country that are tied up in holdings of government securities and in loans based on such securities. On June 30, 1919, this amount was estimated at between 6 and $6\frac{1}{2}$ billions. Judging from the amount of liquidation reported by the member banks, the amount thus tied up at present is below 5 billions, probably nearer $4\frac{1}{2}$ billions. This reduction reflects the smaller floating debt of the government, *i. e.*, the smaller amount of Treasury certificates outstanding, also the steady absorption by the public during the year of Liberty bonds and Victory notes. It indicates that during the year bank funds have been gradually released from service to the government and placed at the service of commerce and industry.

During the war, the Federal Reserve Board kept its discount rates low enough to permit the member banks to carry government obligations either for themselves or for their customers who were purchasing government war securities on the partial payment plan. It was not until November, 1919, that the board felt justified in launching a policy of advancing rates. Since

that time decided advances have been made. In the early part of 1919, rates on commercial paper varied at the different banks in accordance with maturities from 4 to $5\frac{1}{2}$ per cent, whereas at the present time they are 6 per cent at eight of the banks, and 7 per cent in the Boston, New York, Chicago, and Minneapolis banks. That this advance in rates has had a tendency to check the rate of credit expansion cannot be doubted. In March, 1919, the earning assets of the Reserve banks aggregated 2,348 millions and in November 2,923 millions, an increase of about 575 millions, whereas in June, 1920, they were about 3,183 millions, the increase over the November figure being about 260 millions. The growth of credit during the most recent period was thus only about one-half as great in absolute volume as the growth during the immediately preceding period of about equal length.

Although an advance in discount rates is the traditional method at the command of the Federal Reserve system with which to check credit expansion, it has been realized by the board that in many cases the principal danger was not from general expansion but from overloaning to individual banks which called upon the Federal Reserve banks for much more than their pro-rata share of loanable funds. To enable the Federal Reserve banks to exercise control over this matter, an amendment to the Federal Reserve Act was recommended by the board and passed on April 13, 1920. This amendment authorizes the Federal Reserve banks to charge rates "graduated or progressed on the basis of the amount of the advances or discount accommodations extended by the Federal Reserve Bank to the borrowing bank." Four of the Reserve banks, those at Atlanta, St. Louis, Kansas City, and Dallas, have adopted systems of progressive rates under which a member bank obtaining accommodation in excess of its basic line, which is determined differently by the various Reserve banks, must pay a rate of discount increasing progressively with the amount of the excess borrowings. The effect of the adoption of these plans has been to distribute the loans more evenly among a larger number of member banks in each of the four districts, and thus to diminish somewhat the concentration of borrowings within a small number of large banks. It may be added in this connection that general restriction and contraction of credit have never been the objects aimed at by the Federal Reserve policy. The aim has been, rather, to improve the character of credit accorded by the Federal Reserve and member banks, and in harmony with this view no uniform method is pursued by the Federal Reserve banks. It is recognized by the Federal Reserve Board that the problem of wise control of the flow and volume of credit by the Federal Reserve banks is regional in its character and accordingly the Federal Reserve banks have been allowed considerable latitude in the matter of choice of credit control.

The effect of rate advances and of progressive rates on the cost of accommodation at the Federal Reserve banks may be seen from the following table of rates of earnings from different classes of investments.

It will be noted that the average returns from all investments of the Federal Reserve banks advanced from 4.01 per cent in June, 1919, to 5.51 per cent in June, 1920.

To sum up, it may be stated that the rapid expansion of bank credit after the

RATES OF EARNINGS FROM INVESTMENTS OF THE FEDERAL RESERVE BANKS
FROM JUNE, 1919, TO MAY, 1920

Date	Bills Discounted	Bills Bought in Open Market	United States Securities	Total Investments
1919				
June	4.20	4.19	2.33	4.01
July	4.15	4.27	2.24	3.98
August	4.13	4.22	2.21	3.93
September	4.17	4.27	2.17	3.91
October	4.15	4.22	2.18	3.95
November	4.40	4.33	2.22	4.16
December	4.55	4.54	2.19	4.29
1920				
January	4.71	4.79	2.18	4.46
February	5.20	5.06	2.18	4.88
March	5.49	5.47	2.10	5.12
April	5.58	5.70	2.10	5.23
May	5.66	5.77	2.22	5.36
June	5.89	5.98	2.24	5.51

war, when the need of assisting the government by low discount rates became less urgent, induced the Federal Reserve Board and the Reserve banks to advance discount rates and to take measures toward the wider diffusion of borrowings through the adoption of progressive rates. The results of this policy are seen in a definite slowing down of credit expansion, a decided liquidation of loans contracted for speculative and non-essential purposes, and a somewhat lessened concentration of credits at Federal Reserve banks within a relatively small group of member banks.

M. JACOBSON and E. A. GOLDENWEISER.

LIFE TABLES FOR THE CITY OF HAVANA*

A set of life tables for the city of Havana has just appeared in the official sanitary bulletin of the Republic of Cuba. These tables were prepared by Dr. Vega Lamar, chief of the Bureau of Records and Correspondence. They are the first tables not only for Cuba but for any of the Latin-American countries. They are, therefore, of special interest to American demographers and all the more so because they appear to have been well done after the method outlined by King in his supplement on life tables prepared for the seventy-fifth annual report of the registrar general of England and Wales.

There are six tables in all; the first two are for whites, males and females, respectively; the second two for negroes of both sexes; and the third two for mulattoes. The last are more accurately called "mestizos," that is, half breeds. But, as the Indian element is negligible in the present population of Havana, this term is equivalent to a mixture of whites and negroes, for which the word mulatto is the most accurate translation. The period covered is the decennium between 1904 and 1914, the population data being based on the two censuses of 1900 and 1907.

At age zero, the curtate expectation of life of white males and females in

* Sanidad y Beneficencia, Boletin Oficial de la Secretaria, vol. XXII, Nos. 1, 2, and 3, July, August, September, 1919, pp. 59-74. Ministry of Health and Charities, Habana.